

**CASH MANAGEMENT IMPROVEMENT ACT  
AGREEMENT  
THE STATE OF LOUISIANA  
AND  
THE SECRETARY OF THE TREASURY,  
UNITED STATES DEPARTMENT OF THE TREASURY  
FOR THE PERIOD JULY 1, 1998 THROUGH JUNE 30, 2001  
AMENDMENT 1**

The Treasury-State agreement implementing the Cash Management Improvement Act (CMIA), effective for the time period from July 1, 1998, to June 30, 2001, is hereby amended as follows:

**1. Explanation of Amendment:**

More than one agency receives a grant under CFDA # 20.205. However only one agency receives more than the states threshold. Currently this is the only grant where a recipient who receives less than the states threshold is included in the Treasury-State Agreement (TSA). For the sake of consistency, we would like to have this agency removed from the TSA.

**Revised Provision:**

Section 6.3.11	Delete	"Recipient:	Department of Transportation and Development 99.99% "
	Delete	"Materiality Exemption:	Department of Revenue and Taxation 0.01% "
	Add	"Recipient:	Department of Transportation and Development 100% "

The effective date of this provision is October 1, 1998.

**2. Explanation of Amendment:**

The component for Medicaid Benefits under the Medical Assistance Program CFDA# 93.778, is being phased out based on replacing checks with EFT payments. The goal is for ninety-five percent of the dollars for program payments to be made through EFT. Therefore, a materiality exemption is being requested for the check component of this program.

**Revised Provision:**

Section 6.3.20	Delete	"Component: Technique: Description:	Medicaid Benefits Estimated Clearance This component will remain in place until all payments are converted to Medicaid Benefits - EFT. This is expected take place by October 1, 1998. This component will be phased-out as more providers are shifted to EFT; therefore less and less payments will be made using this technique."
	Add	"Materiality Exemption: Description:	Medicaid Benefits This component is being phased out based on replacing checks with EFT payments. Vendors without the banking facilities to receive EFT will continue to be paid by check. The standard will be for ninety-five percent of the dollars for program payments to be made through EFT. This component will never be discontinued, however, less and less payments will be made using this technique."

The effective date of this provision is October 1, 1998.

### **3. Explanation of Amendment:**

The Medical Assistance Program, CFDA# 93.778, is in the process of replacing payments with checks with EFT. With this replacement, draws will be done once a week using an actual clearance technique, instead of daily using an estimated clearance technique. Currently, rebates/refunds of various kinds are used to offset the draws for federal funds. The State has no control over when these rebates/refunds will be received. To maintain an interest neutral position for these rebates/refunds, an estimated process will be used. The State has identified three types of rebates/refunds and has tracked them establish average patterns of when they are received. These patterns will be used to estimate the amount of rebates/refunds expected to be received on a periodic basis and will be applied to reduce the request for federal funds.

### **Revised Provision:**

Section 6.3.20	Delete	"Component:  Technique:	Medicaid Benefits and Disproportionate Share Pool Payments- EFT Actual Clearance"
	Add	"Component:	Medicaid Benefits and Disproportionate

Technique: Share Pool Payments- EFT  
Actual Clearance and Rebate/Refund  
Reduction as described in 8.4.1"

Section 8.4.1	Delete	"The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes."
	Add	"The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes, except as noted here. Rebates/refunds for the Medical Assistance Grant (CFDA# 93.778) Medicaid Benefits and Disproportionate Share Pool Payments- EFT component will be interest neutral when used in conjunction with an estimated process. Three rebate/refund processes have been identified to be used in the reduction of the weekly requests for federal funds: (1) Drug Rebates - rebates are identified on a quarterly basis and tracked to establish a historical trend that will be used to estimate the weekly rebates. These estimates will be adjusted to actual collections the following week; (2) Provider Refunds - these refunds were averaged on a weekly basis for the most recent quarter to obtain a historical trend that will be used to estimate the weekly refund. This weekly estimated amount will be reduced from the weekly request and then adjusted the following week to actual refunds collected; and (3) Interagency Refunds - these are Medical Assistance Program refunds that are collected by other state agencies. A weekly average was developed from historical data collected over a one year period. This weekly estimated amount will be reduced from the weekly request and then adjusted the following week to actual refunds collected."

The effective date of this amendment is October 1, 1998.

#### **4. Explanation of Amendment:**

The Treasury-State Agreement is the document used most often for monitoring compliance with CMIA. For the sake of maintaining all documentation in one place, information about the exclusion of WIC rebates from interest liabilities is being placed into the TSA.

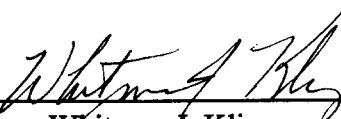
**Revised Provision:**

Section 8.4.4

Add

"As noted in FMS Policy 18 dated September 13, 1995, a State shall not incur any interest liability to the Federal Government on rebate funds for infant formula and other foods provided all interest earned by the State on funds is used for program purposes."

**Signatures**



Whitman J. Kling  
Assistant Commissioner  
Division of Administration  
State of Louisiana

11/18/98

Date Signed



Betsy Lane  
Acting Assistant Commissioner  
Federal Finance  
FMS, US Treasury

11/23/98

Date Signed